

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 355 - SB 365**

February 12, 2023

**SUMMARY OF BILL:** Requires a health benefit plan that provides coverage for a screening mammogram to provide coverage for diagnostic imaging and supplemental breast screening without imposing a cost-sharing requirement on the patient.

**FISCAL IMPACT:**

**Increase State Expenditures - \$510,600/FY23-24 and Subsequent Years**

**Increase Federal Expenditures - \$51,200/FY23-24 and Subsequent Years**

**Increase Local Expenditures - \$90,100/FY23-24 and Subsequent Years\***

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation will result in an increase in the cost of health insurance premiums to cover the additional costs of the required procedures. It is estimated that the increase to each individual's total premium will be less than one percent.

**Assumptions:**

- The Division of TennCare does not impose any cost-sharing requirements on TennCare enrollees related to diagnostic imaging and supplemental breast screening; therefore, no impact on the division.
- Based on information provided by the Division of Benefits Administration on claims data between 2019-2021, the state group insurance plan (SGIP) covered an average of 28,959 claims per year for diagnostic MRIs, breast ultrasounds, and breast MRIs. This number is assumed to remain consistent.
- The average member share of such imaging and screening claims was \$34.56 per claim.
- The proposed legislation would require the SGIP to absorb the member share of such claims, resulting in an increase in expenditures of \$1,000,823 (28,959 x \$34.56) for individuals covered under the SGIP.
- It is estimated that 48 percent of members are on the State Employee Plan, 43 percent are on the Local Education Plan and 9 percent are on the Local Government Plan.
- The state contributes 80 percent of member premiums resulting in a recurring increase in state expenditures of \$384,316 ( $\$1,000,823 \times 48.0\% \times 80.0\%$ ).

- Some state plan members' insurance premiums are funded through federal dollars. It is estimated 13.33 percent of the state share of the state plan is funded with federal dollars, resulting in an increase in federal expenditures of \$51,229 ( $\$384,316 \times 13.33\%$ ).
- The state contributes 45 percent of instructional member premiums (75 percent of Local Education Plan members) and 30 percent of support staff member premiums (25 percent of Local Education Plan members) resulting in state expenditures of \$177,521 [ $(\$1,000,823 \times 43.0\% \times 75.0\% \times 45.0\%) + (\$1,000,823 \times 43.0\% \times 25.0\% \times 30.0\%)$ ].
- The state does not contribute to the Local Government Plan. It is estimated the Local Government Plan would be responsible for a mandatory increase in local expenditures estimated to be \$90,074 ( $\$1,000,823 \times 9.0\%$ ).
- The total increase in state expenditures is estimated to be \$510,608 ( $\$384,316 - \$51,229 + \$177,521$ ) in FY23-24 and subsequent years.
- The total increase in federal expenditures is estimated to be \$51,229 in FY23-24 and subsequent years.
- The total mandatory increase in local expenditures is estimated to be \$90,074 in FY23-24 and subsequent years.
- Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will result in an increase in the cost of health insurance premiums to cover the patient's share of the cost of procedures and treatments covered by plans. It is estimated that the increase to each individual's total premium will be less than one percent.

## **IMPACT TO COMMERCE:**

### **NOT SIGNIFICANT**

#### Assumptions:

- The proposed legislation just removes the cost-sharing requirement on procedures that are already covered by insurance; therefore, there is not estimated to be an increase in business revenue to health providers. Any increase in expenditures for private sector insurance providers will be offset by an increase in overall premiums; net impact is estimated to be not significant.
- Any impact to jobs in Tennessee is estimated to be not significant.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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